

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-04 INR-05 LAB-01

NSAE-00 RSC-01 SIL-01 AID-05 PA-01 PRS-01 USIA-06

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R 082153Z NOV 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 0000

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L TEGUCIGALPA 4802

E.O. 11652: GDS

TAGS: ELAB, HO

SUBJECT: CONVERSATION WITH FESITRANH PRESIDENT CELEO GONZALEZ

BEGIN SUMMARY: CELEO GONZALEZ, PRESIDENT OF THE FESITRANH LABOR FEDERATION AND THE CTH LABOR CONFEDERATION, PLANS TO STEP DOWN FORM THE LATTER POSITION DURING THE CTH CONGRESS MEETING NOVEMBER 8-10. CONTINUING PROBLEMS WITH THE FESITRANH HOUSING PROJECT ARE DEMANDING SUCH A GREAT SHARE OF HIS TIME THAT HE INTENDS TO RELINQUISH THE CTH PRESIDENCY IN FAVOR OF A LONG TIME FESITRANH LOYALIST, SALVADOR RAMOS, CURRENTLY ON THE CTH EXECUTIVE COUNCIL (FISCAL) END SUMMARY.

1. IN COVERSAION WITH LABOFF NOVEMBER 7, FESITRANH AND CTH PRESIDENT CELEO GONZALEZ SAID THAT HE INTENDED TO STEP DOWN FORM THE CTH PRESIDENCY DUE TO THE NECISSITY OF CONCENTRATING ATTENTION ON PROBLEMS IN THE FESITRANH HOUSING PROJECT RESULTING FROM HURRICANE FIFI. GONZALEZ HOPES THAT HE WILL BE ABLE TO ARRANGE FOR THE POSITION TO GO TO LONG TIME FESITRANH LOYALLIST SALVADOR RAMOS, CURRENTLY CTH FISCAL. THE IDEA HAD NOT BEEN PRESENTED TO RAMOS WHO CURRENTLY IS EMPLOYED BY AIFLD.

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2. GONZALEZ PRESENTED A REPORT TO INTERAMERICAN DEVELOPMENT BANK REPRESENTATIVES IN TEGUCIGALPA DURING PAST WEEK EXPLAINING FESITRANH'S FINANCIAL PROBLEMS. ACCORDING TO GONALEZ, THE IDB REPS SAID THAT A MORATORIUM OR A REFINANCING OF THE HOUSING PROJECT LOAN WAS AN IMPOSSIBILITY. GONZALEZ SAID HE THEN RETURNED TO SAN PEDRO SULA AND DECAPITALIZED THE FESITRANH COOPERATIVE TO MEET THE CURRENT LOAN PAYMENT.

3. RETURNING TO SUBJECT OF THE CTH CONGRESS, GONZALEZ SAID THAT ASIDE FROM THE CHANGE OF PRESIDENT, MOST BUSINESS IS ROUTINE. THE REELECTION OF VICTOR ARTILES AS CTH SECRETARY GENERAL WILL BE SUPPORTED BY FESITRANH. ALTHOUGH THERE HAD BEEN PERSISTENT RUMORS THAT SUTRAFSCO (STANDARD FRUIT UNION) PRESIDENT NAPOLEON ACEVEDO WAS BEING SPONSORED FOR THE POSITION BY SUTRAFSCO AND CERTAIN FECESTITLIH UNIONS, ACEVEDO PERSONALLY DENIED TO GONZALEZ THAT HE WOULD TRY FOR ELECTION. GONZALEZ ALSO SAID THAT FESITRANH WOULD TRY TO HAVE LUIS MOREL (COMMUNIST FROM BEER AND SOFT DRINK WORKERS' UNION, STIBYS) REMOVED FROM THE CTH EXECUTIVE COUNCIL. THIS IS NOT A HIGH PRIORITY ITEM AND GONZALEZ WOULD DO IT ONLY "IF THEY DO NOT GIVE US SOMEONE WORSE." HE PLANS TO MAKE FECESTITLIH PRESIDENT GUSTAVO ZELAYA "RESPONSIBLE" FOR THE FECESLITLIH CANDIDATES.

4. COMMENT: GONZALEZ IS OBVIOUSLY VERY CONCERNED WITH THE FINANCIAL PROBLEMS WITH THE HOUSING PROJECT LOAN. HE THINKS THAT IF NO SOLUTION IS FOUND FESITRANH WILL BE FINANCIALLY WRECKED AND THEREFORE UNABLE TO FUNCTION AS A LABOR ORGANIZATION. THEREFORE, HE WISHES TO DEVOTE AS MUCH TIME AS POSSIBLE TO THE SOLUTION OF THIS LIFE OR DEATH PROBLEM. (COPY OF FESITRANH'S REPORT TO IDB WILL BE POUCHED).

5. THE INSTALLATION OF SALVADOR RAMOS AS CTH PRESIDENT WOULD MEAN NOTHING IN POLITICAL TERMS. RAMOS HAS NO INDEPENDENT FOLLOWING AND WOULD REMAIN GONZALEZ' MAN. HOWEVER, THE CHANGE SHOULD FREE GONZALEZ FROM SOME CHORES. THE DESIRE TO CONCENTRATE ON FESITRANH PROBLEMS IS CERTAINLY THE OVERRIDING FACTOR IN GONZALEZ' DECISION BUT THERE MAY BE ANOTHER IMPORTANT ELEMENT. SEVERAL LABOR LEADERS HAV TOLD CONFIDENTIAL

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THE REPORTING OFFICER THAT GONZALEZ IS NOT HAPPY WITH THE WAY THE CTH EXECUTIVE COUNCIL IS FUNCTIONING AND FEELS THAT HE DOES TOO MUCH WORK THAT IS THE RESPONSIBILITY OF OTHERS.

6. GONZALEZ MAY BE PLACING TOO MUCH FAITH IN GUSTAVO ZELAYA BY ASKING HIM TO CONTROL FECESTITLIH'S NOMINATIONS PROCESS. ZELAYA'S POLITICAL POSITION WITHIN HIS FEDERATION IS CONSIDERABLY ERODED. AN EXAMINATION OF FECESTITLIH'S

NOMINATIONS SHOULD PROVIDE VALUABLE CLUES AS TO THE CURRENT  
POLITICAL BALANCE BETWEEN THE FEDERATIONS'S TWO FACTIONS.  
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